

**THIRD TAXING DISTRICT
CITY OF NORWALK, CONNECTICUT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR:
JULY 1, 2014 - JUNE 30, 2015**

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

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THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

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THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners
Third Taxing District - City of Norwalk
East Norwalk, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Third Taxing District - City of Norwalk, Connecticut, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the East Norwalk Improvement Association, Inc., (Special Revenue – Library) a blended component unit, which represents 5.2%, 5.2%, and 44.9%, respectively, of the assets, net position, and revenues of Governmental Activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Special Revenue Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

INDEPENDENT AUDITOR'S REPORT

Continued...

Auditor's Responsibility - Continued

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Third Taxing District – City of Norwalk, Connecticut as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 and pension plan and other post-employment benefits required supplementary information on pages 52 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

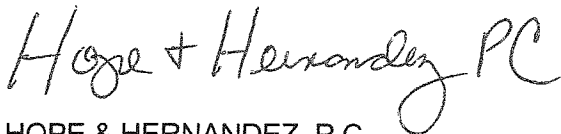
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary combining and individual fund schedules, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Continued...

Other Information - Continued

The combining and individual fund supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Hope & Hernandez PC". The signature is written in dark ink and is positioned above the printed name of the firm.

HOPE & HERNANDEZ, P.C.
Bridgeport, Connecticut
November 10, 2015

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT DISCUSSION AND ANALYSIS

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. The discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's net position, and (d) identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements, which immediately follow this section.

Using this Annual Report

The Third Taxing District of the City of Norwalk implemented the reporting requirements outlined in GASB 34 effective July 1, 2003. The financial statements' focus is on both the District as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions and enhance the District's accountability to the public.

Government-Wide Financial Statements

The government-wide financial statements (see pages 12 and 13) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the District and its governmental activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. The Statement of Activities combines all of the District's revenues and expenses in a single statement.

The two government-wide statements noted above, report the District's net position and how they have changed. Net position (the District's assets plus deferred outflows of resources, less liabilities and deferred inflows of resources), is one way to measure the District's financial health or position and to see the direction in which the District is heading.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- While analyzing the overall financial health of the District, one needs to consider additional factors such as changes in the District's proprietary fund (Electric Department) customer base and usage patterns, as well as, the conditions of the District's infrastructure assets.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Statements - Continued

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* - The governmental activities column consists of the District's general fund and special revenue fund (library). Activities for both funds are financed through the generation of investment income, rental income, and from an annual transfer from the proprietary fund (Electric Department).
- *Business-type activities* - The District's business-type activities consists of an Electric Department that charges fees to its respective customers for electric service.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major funds" – not the District as a whole. Funds are accounting devices that the District uses to monitor and report compliance with spending purposes (fund restrictions), spending limits (budget), and other fiscal accountability objectives.

The District has three kinds of funds

- *Governmental Funds* - The governmental activities column consists of the District's general fund and special revenue fund (library). Please refer to pages 14 through 17. District general fund activities are financed through the generation of rental income from the firehouse and transfers in from the electric department. Income from the library is primarily rental income. General fund expenditures consist of elected public officials fees, community service projects, annual accounting and professional fees, and meetings and printing expenses for the District. Library expenditures consisted primarily of expenditures for the operations of the library (classified as community service projects).
- *Proprietary Funds* - Services for which the District charges customers a fee are reported in proprietary funds through the District's Electric Department. Please refer to pages 20 through 22.
- *Fiduciary Funds* - Fiduciary funds account for assets received where the District acts in the capacity of a trustee. The Pension Trust fund (see pages 23 and 24) accounts for resources of the District's single-employer defined benefit pension plan.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT DISCUSSION AND ANALYSIS - Continued

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

DISTRICT'S NET POSITION							
	Governmental Activities		Business-type Activities		Totals		Total % Change
	2015	2014	2015	2014	2015	2014	2015-2014
Current and Other Assets	\$ 176,465	\$ 138,393	\$ 8,514,502	\$ 8,226,409	\$ 8,690,967	\$ 8,364,802	3.90%
Capital Assets	<u>929,541</u>	<u>935,722</u>	<u>12,260,319</u>	<u>11,704,153</u>	<u>13,189,860</u>	<u>12,639,875</u>	4.35%
Total Assets	1,106,006	1,074,115	20,774,821	19,930,562	21,880,827	21,004,677	4.16%
Deferred Outflows of Resources	-0-	-0-	79,535	-0-	79,535	-0-	100%
Liabilities	<u>7,048</u>	<u>24,125</u>	<u>6,400,252</u>	<u>4,502,646</u>	<u>6,407,300</u>	<u>4,526,771</u>	41.54%
Total Liabilities	7,048	24,125	6,400,252	4,502,646	6,407,300	4,526,771	41.54%
Deferred Inflows of Resources	-0-	-0-	209,278	-0-	209,278	-0-	100%
Net Position:							
Net Investment in Capital Assets	929,541	935,722	12,260,319	11,704,153	13,189,860	12,639,875	4.35%
Restricted	-0-	-0-	1,850,000	2,446,567	1,850,000	2,446,567	-24.38%
Unrestricted	<u>169,417</u>	<u>114,268</u>	<u>134,507</u>	<u>1,277,196</u>	<u>303,924</u>	<u>1,391,464</u>	-78.16%
Total Net Position	<u>\$1,098,958</u>	<u>\$1,049,990</u>	<u>\$14,244,826</u>	<u>\$15,427,916</u>	<u>\$15,343,784</u>	<u>\$16,477,906</u>	-6.88%

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE - Continued

CHANGES IN NET POSITION				
	6/30/2015		6/30/2014	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Revenues				
Charges for Services	\$ -0-	\$10,829,463	\$ -0-	\$10,754,826
General Revenues				
Rental Income	65,841	-0-	62,905	-0-
Gain or Loss Disposition of Assets	-0-	3,532	-0-	32,825
Investment Income	24	84,121	18	27,727
Miscellaneous	2,314	-0-	1,982	3,802,817
Total Revenues	\$ 68,179	\$10,917,116	\$ 64,905	\$14,618,195
Expenses				
Primary Government:				
General Government	\$ 19,766	\$ -0-	\$ 20,528	\$ -0-
Community Service	298,787	-0-	255,844	-0-
Business-type Activities				
Expenses				
Electric Department	-0-	10,956,410	-0-	10,683,022
Total Expenses	\$ 318,553	\$10,956,410	\$ 276,372	\$10,683,022
Transfers	299,342	(299,342)	299,342	(299,342)
Increase (Decrease) in Net Position	48,968	(338,636)	87,875	3,635,831
Net Position - Beginning	1,049,990	15,427,916	962,115	11,792,085
Prior Period Adjustment	-0-	(844,454)	-0-	-0-
Restated Net Position - Beginning	-0-	14,583,462	-0-	-0-
Net Position - Ending	\$1,098,958	\$14,244,826	\$1,049,990	\$15,427,916

The District's total net position of \$15,343,784 decreased 6.88% from the prior year by \$1,134,122 mainly due to an additional \$763,184 in Net Pension Obligation resulting from a prior period adjustment of \$844,454 due to a new GASB reporting requirement and an increase in the Net OPEB Obligation in the amount of \$87,517. The District's governmental activities net position increased by \$48,968 while the business-type activities' (Electric Department's) net position decreased by \$1,183,090.

Governmental Activities: Major revenue/expense factors include the following:

The District's governmental activities expenditures remained fairly consistent from fiscal 2014 to 2015. Rental Income increased 4.67% or \$2,936 to \$65,841. Investment income experienced a slight increase from the prior year accompanied by a slight increase in miscellaneous general revenues. Community service expenditures increased \$42,943 from \$255,844 in 2014 to \$298,787 in 2015. Transfers to governmental activities from the business-type activities remained constant at \$299,342 in 2015. At June 30, 2015, \$929,541 or 84.58% of the governmental activities' net position is invested in capital assets.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE - Continued

Business-Type Activities:

The District's business-type activities (Electric Department) accounted for the majority of the decrease in net position. Electric operating revenues increased by \$74,637 or 1% to \$10,829,463. Investment income increased from \$27,727 in 2014 to \$84,121 in 2015. Miscellaneous revenues decreased from \$3,802,817 in fiscal 2014 to \$0 in 2015 due to rate stabilization drawdowns used to fund the Fitch Street and Cervalis projects in the prior year as well as contribution revenue related to the Cervalis project in the prior year 2014. The increase in revenues was accompanied by a 2.56% increase in operating expenses of \$273,388 to \$10,956,410.

General Fund Budgetary Highlights

The District made no changes from the original to the final budget. The year's actual operations resulted in an excess of expenditures over revenue. Please see budget to actual comparisons on page 18.

Special Revenue Fund (Library) Budgetary Highlights

The District made no changes from the original to the final budget. The year's actual operations resulted in an excess of expenditures over revenues. (Please see budget to actual comparison on page 19).

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had invested \$13,189,860 in a broad range of capital assets. This amount is net of accumulated depreciation. The net capital assets increased by \$549,985 or 4.35% from the prior year. See page 55 for detail of the Electric Department's plant in service at June 30, 2015 and Note 5 to the financial statements that details both plant in service and non-utility property of the entire District.

Other Liabilities

The Electric Department has an established "Power Sales Contract" for the Supply of Electric Power and Energy with the Connecticut Municipal Electric Energy Cooperative (CMEEC) its present energy supplier. Under this contract the Electric Department has agreed to maintain electric rates that, together with other sources of revenue, will provide sufficient revenues to meet its payment obligation to CMEEC under the contract. As a member of CMEEC the Electric Department is responsible for their share of certain costs that may exceed reserves, and/or insurance coverages. The impact of these costs on operations is unknown. The Electric Department is responsible for the repayment of a portion of CMEEC's bonded debt. As of June 30, 2015 the outstanding CMEEC obligation is \$4,612,990. This is offset by the Electric Department's rate stabilization fund, which stabilizes the price of power to customers and provides for early payoff of the debt. As of June 30, 2015 the rate stabilization fund has a balance of \$3,382,088, resulting in a net obligation to CMEEC of \$1,230,902.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Capital Assets and Debt Administration - Continued

Economic Factors

The Third Taxing District did a revenue neutral rate adjustment during the current fiscal year, whereby it lowered the Fuel Adjustment Charge and adjusted the rates accordingly as a result of an independent third party rate study. These rates were adjusted beginning with October, 2014.

The Electric Department customers pay a Fuel Adjustment Charge which may change upward or downward reflecting changes in the cost of power purchased by the Department. The rates in effect for the fuel charge during the fiscal year were as follows:

Fuel Charge

July 2014 – September 2014	\$0.066/KWH
October 2014 – March 2015	\$0.010/KWH
April 2015 – May 2015	\$0.017/KWH
June 2015	\$0.020/KWH

Energy Conservation

In accordance with Bill #7501 passed by the General Assembly in 2005, the Electric Department began billing all customers one mil per KWH for energy conservation beginning January 1, 2006. This charge increases incrementally annually to 2.5 mils on January 1, 2011. The energy conservation charge was \$.0025/KWH in calendar year 2015. Revenues from this charge will be expended by the Electric Department on energy conservation programs within the District.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the General Manager's office at 2 Second Street, Norwalk, Connecticut.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

BASIC FINANCIAL STATEMENTS

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT A

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash	\$ 176,465	\$ 1,071,976	\$ 1,248,441
Investments	-	614,988	614,988
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$0 and \$50,000, respectively	-	1,245,301	1,245,301
Internal Balances	-	-	-
Expenses Paid in Advance	-	71,774	71,774
Loan Receivable - Current	-	62,757	62,757
Total Current Assets	176,465	3,066,796	3,243,261
Non-Current Assets			
Investment in CMEEC	-	122,220	122,220
Other Restricted Assets	-	3,382,088	3,382,088
Cash - Restricted	-	497,766	497,766
Loan Receivable - Net	-	1,445,632	1,445,632
Capital Assets			
Plant In Service, Net of Accumulated Depreciation	929,541	11,945,261	12,874,802
Non-Utility Property, Net of Accumulated Depreciation	-	13,702	13,702
Construction Work-in-Progress	-	301,356	301,356
Total Non-Current Assets	929,541	17,708,025	18,637,566
TOTAL ASSETS	1,106,006	20,774,821	21,880,827
DEFERRED OUTFLOWS OF RESOURCES	-	79,535	79,535
LIABILITIES			
Current Liabilities			
Line of Credit	-	45,988	45,988
Accounts Payable	6,579	1,074,198	1,080,777
Taxes Payable	-	102,937	102,937
Customer Deposits and Advances	-	465,168	465,168
Accrued Compensated Absences	-	76,090	76,090
Other Accrued Expenses	-	58,030	58,030
Other Current Liabilities	469	-	469
Total Current Liabilities	7,048	1,822,411	1,829,459
Non-Current Liabilities			
Deferred Revenue	-	3,382,088	3,382,088
Net OPEB Obligation	-	394,152	394,152
Net Pension Obligation	-	801,601	801,601
Total Non-Current Liabilities	-	4,577,841	4,577,841
TOTAL LIABILITIES	7,048	6,400,252	6,407,300
DEFERRED INFLOWS OF RESOURCES	-	209,278	209,278
NET POSITION			
Net Investment in Capital Assets	929,541	12,260,319	13,189,860
Restricted for Capital Improvements	-	1,100,000	1,100,000
Restricted for Catastrophic Occurrence	-	750,000	750,000
Unrestricted	169,417	134,507	303,924
TOTAL NET POSITION	\$ 1,098,958	\$ 14,244,826	\$ 15,343,784

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Public Officials Fees	\$ 14,100	\$ -	\$ -	\$ -	\$ (14,100)	\$ -	\$ (14,100)
Payroll Tax Expense	1,139	-	-	-	(1,139)	-	(1,139)
Community Service Projects	298,787	-	-	-	(298,787)	-	(298,787)
Accounting and Professional Fees	-	-	-	-	-	-	-
Meetings, Printers, and Other	4,527	-	-	-	(4,527)	-	(4,527)
Total Governmental Activities	318,553	-	-	-	(318,553)	-	(318,553)
Business-type Activities:							
Electrical Facility	10,956,410	10,829,463	-	-	-	(126,947)	(126,947)
Total Business-type Activities	10,956,410	10,829,463	-	-	-	(126,947)	(126,947)
Total Primary Government	\$ 11,274,963	\$ 10,829,463	\$ -	\$ -	\$ (318,553)	\$ (126,947)	\$ (445,500)
General Revenues:							
Rental Income		\$ 65,841	\$ -	\$ -	\$ 65,841	\$ -	\$ 65,841
Gain (Loss) on Disposition of Utility Plant		-	3,532	-	-	3,532	3,532
Investment Income		24	84,121	-	24	84,121	84,145
Other Income		2,314	-	-	2,314	-	2,314
Transfers		299,342	(299,342)	-	-	-	-
Total General Revenues, Special Items, and Transfers		367,521	(299,342)	-	367,521	(299,342)	155,832
Change in Net Position		48,968	(211,689)	-	48,968	(338,636)	(289,668)
Net Position - Beginning		1,049,990	15,427,916	-	1,049,990	15,427,916	16,477,906
Prior Period Adjustment		-	(844,454)	-	-	(844,454)	(844,454)
Restated Net Position - Beginning		1,049,990	14,583,462	-	1,049,990	14,583,462	15,633,452
Net Position - Ending		1,098,958	14,244,826	-	1,098,958	14,244,826	15,343,784

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

FUND FINANCIAL STATEMENTS

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT C
Page 1 of 2

	General	Special Revenue	Total Governmental Funds
ASSETS			
Current Assets			
Cash	\$ 118,699	\$ 57,766	\$ 176,465
Total Current Assets	<u>118,699</u>	<u>57,766</u>	<u>176,465</u>
TOTAL ASSETS	<u>118,699</u>	<u>57,766</u>	<u>176,465</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts Payable	6,579	-	6,579
Due to Electric Department	-	-	-
Capital Lease Obligations	-	-	-
Other Current Liabilities	<u>-</u>	<u>469</u>	<u>469</u>
TOTAL LIABILITIES	<u>6,579</u>	<u>469</u>	<u>7,048</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Assigned	-	57,297	57,297
Unassigned	<u>112,120</u>	<u>-</u>	<u>112,120</u>
TOTAL FUND BALANCES	<u>\$ 112,120</u>	<u>\$ 57,297</u>	<u>\$ 169,417</u>

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT C
Page 2 of 2

Amounts reported for governmental activities on the statement
of net position are different because:

Total fund balance per balance sheet - governmental funds	\$	169,417
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Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds:

Cost of governmental capital assets	\$	1,060,670	
Accumulated depreciation on above capital assets		<u>(131,129)</u>	929,541

Net position of governmental activities		<u><u>\$</u></u>	<u><u>1,098,958</u></u>
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**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT D

	General	Special Revenue	Total Governmental Funds
Revenues			
Rental Income	\$ 38,000	\$ 27,841	\$ 65,841
Interest Income	15	9	24
Other Income	-	2,314	2,314
Total Revenues	<u>38,015</u>	<u>30,164</u>	<u>68,179</u>
Expenditures			
Public Officials Fees	14,100	-	14,100
Payroll Tax Expense	1,139	-	1,139
Community Service Projects	94,207	194,619	288,826
Accounting and Professional Fees	-	-	-
Meetings, Printers, and Other	4,527	-	4,527
Total Expenditures	<u>113,973</u>	<u>194,619</u>	<u>308,592</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(75,958)</u>	<u>(164,455)</u>	<u>(240,413)</u>
Other Financing Sources (Uses)			
Capital Expenditures	-	(3,780)	(3,780)
Transfer in from Enterprise			
Electric Department	299,342	-	299,342
Transfers Between Funds	(167,121)	167,121	-
Net Other Financing Sources (Uses)	<u>132,221</u>	<u>163,341</u>	<u>295,562</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>56,263</u>	<u>(1,114)</u>	<u>55,149</u>
Fund Balance (Deficit) - Beginning of Year	<u>55,857</u>	<u>58,411</u>	<u>114,268</u>
Fund Balance - End of Year	<u>\$ 112,120</u>	<u>\$ 57,297</u>	<u>\$ 169,417</u>

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT E

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balances - total governmental funds	\$	55,149
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Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these
assets are allocated over their estimated useful lives
and reported as depreciation expense. Therefore, the
net of amounts paid for the purchase of capital assets for
the year ended June 30, 2015, \$3,780 and current year
depreciation expense of \$9,961 is a reconciling item.

(6,181)

Change in net position of governmental activities

<u>\$</u>	<u>48,968</u>
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THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT F

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Rental Income	\$ 38,000	\$ 38,000	\$ 38,000	\$ -
Interest Income	30	30	15	(15)
Other Income	-	-	-	-
Total Revenues	<u>38,030</u>	<u>38,030</u>	<u>38,015</u>	<u>(15)</u>
Expenditures				
Salaries - Commissioners	10,500	10,500	10,500	-
Salary - Clerk	1,800	1,800	1,800	-
Salary - Treasurer	1,800	1,800	1,800	-
Payroll Tax Expense	1,079	1,079	1,139	(60)
Maintenance of Parks	26,000	26,000	28,288	(2,288)
East Norwalk Cemetery	22,000	22,000	18,560	3,440
East Norwalk Library - Other	10,200	10,200	5,393	4,807
East Norwalk Library - Major/Capital	5,000	5,000	-	5,000
East Norwalk Library - Master Plan/Improvements	20,000	20,000	6,300	13,700
Holiday Events	7,000	7,000	6,208	792
Firehouse Expense	-	-	1,426	(1,426)
Firehouse Expense - Major/Capital	-	-	-	-
Concerts in the Park	25,200	25,200	22,637	2,563
Legal and Accounting Services	-	-	-	-
Annual Electors Meeting	4,000	4,000	4,527	(527)
District Newsletter Allowance	-	-	-	-
Contingencies	25,000	25,000	5,395	19,605
Total Expenditures	<u>159,579</u>	<u>159,579</u>	<u>113,973</u>	<u>45,606</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(121,549)</u>	<u>(121,549)</u>	<u>(75,958)</u>	<u>45,591</u>
Other Financing Sources (Uses)				
Transfer in from Electric Department	299,342	299,342	299,342	-
Transfer Out to Special Revenue Fund	(167,121)	(167,121)	(167,121)	-
Utilization of Prior Years Unexpended Funds	57,648	57,648	-	(57,648)
Net Other Financing Sources (Uses)	<u>189,869</u>	<u>189,869</u>	<u>132,221</u>	<u>(57,648)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 68,320</u>	<u>\$ 68,320</u>	56,263	<u>\$ (12,057)</u>
Fund Balance (Deficit) - Beginning of Year			55,857	
Fund Balance - End of Year			<u>\$ 112,120</u>	

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT G

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Rental Income	\$ 23,000	\$ 23,000	\$ 27,841	4,841
Interest and Other Income	3,555	3,555	2,323	(1,232)
Total Revenues	<u>26,555</u>	<u>26,555</u>	<u>30,164</u>	<u>3,609</u>
Expenditures				
Personnel	92,747	92,747	92,685	62
Benefits and Taxes	26,610	26,610	21,434	5,176
Programming	30,750	30,750	25,900	4,850
Utilities	13,700	13,700	13,568	132
Building Maintenance Security & Repairs	19,594	19,594	19,563	31
Professional Fees	10,275	10,275	15,603	(5,328)
Community Programs	-	-	5,866	(5,866)
Other	-	-	-	-
Total Expenditures	<u>193,676</u>	<u>193,676</u>	<u>194,619</u>	<u>(943)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(167,121)</u>	<u>(167,121)</u>	<u>(164,455)</u>	<u>2,666</u>
Other Financing Sources (Uses)				
Transfer in from General Fund	-	-	167,121	167,121
Capital Expenditures	167,121	167,121	(3,780)	(170,901)
Net Other Financing Sources (Uses)	<u>167,121</u>	<u>167,121</u>	<u>163,341</u>	<u>(3,780)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,114)</u>	<u>\$ (1,114)</u>
Fund Balance - Beginning of Year			<u>58,411</u>	
Fund Balance - End of Year			<u>\$ 57,297</u>	

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2015**

EXHIBIT H

ASSETS	Electrical Department
Current Assets	
Cash	\$ 1,071,976
Investments	614,988
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$50,000	1,245,301
Due from Governmental Funds	-
Expenses Paid in Advance	71,774
Loan Receivable - Current	62,757
Total Current Assets	3,066,796
Non-Current Assets	
Investment in CMEEC	122,220
Other Restricted Assets	3,382,088
Cash - Restricted	497,766
Loan Receivable - Net	1,445,632
Capital Assets	
Plant In Service, Net of Accumulated Depreciation	11,945,261
Non-Utility Property, Net of Accumulated Depreciation	13,702
Construction Work in Progress	301,356
Total Non-Current Assets	17,708,025
TOTAL ASSETS	20,774,821
DEFERRED OUTFLOWS OF RESOURCES	79,535
LIABILITIES	
Current Liabilities	
Line of Credit	\$ 45,988
Accounts Payable	1,074,198
Taxes Payable	102,937
Customer Deposits and Advances	465,168
Accrued Compensated Absences	76,090
Other Accrued Expenses	58,030
Total Current Liabilities	1,822,411
Non-Current Liabilities	
Deferred Revenue	3,382,088
Net OPEB Obligation	394,152
Net Pension Obligation	801,601
Total Non-Current Liabilities	4,577,841
TOTAL LIABILITIES	6,400,252
DEFERRED INFLOWS OF RESOURCES	209,278
NET POSITION	
Net Investment in Capital Assets	12,260,319
Restricted for Capital Improvements	1,100,000
Restricted for Catastrophic Occurrence	750,000
Unrestricted	134,507
TOTAL NET POSITION	\$ 14,244,826

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT I

	Electrical Department
Operating Revenues	
Residential Sales	\$ 3,785,587
Commercial Sales	2,592,608
Industrial Sales	964,069
Cervalis Sales	141,997
Water Pollution Control Plant	1,054,903
Private Security Lighting	98,568
Sales for Resale	614,041
Miscellaneous Service Revenue	64,656
Fuel Costs Billed	1,513,034
Total Operating Revenues	<u>10,829,463</u>
Operating Expenses	
Electrical Power Purchased	6,769,457
Transmission	-
Distribution	241,719
Maintenance	516,669
Generation Expenses	133,189
Customer Service	248,171
Administration	1,984,326
Depreciation	747,406
Connecticut Gross Receipts Tax	312,787
Total Operating Expenses	<u>10,953,724</u>
Operating Income (Loss)	<u>(124,261)</u>
Nonoperating Revenue and Expenses	
Gain from Sale of Fixed Assets	3,532
Investment Income	93,299
Interest Expense	(2,686)
Unrealized Gain (Loss) on Investments	(9,178)
Other Income	-
Total Nonoperating Revenues and Expenses	<u>84,967</u>
Income (Loss) Before Operating Transfers	<u>(39,294)</u>
Operating Transfers	
Transfers Out	299,342
Net Operating Transfers	<u>299,342</u>
Change in Net Position	<u>(338,636)</u>
Net Position - Beginning	15,427,916
Prior Period Adjustment	(844,454)
Restated Net Position - Beginning	<u>14,583,462</u>
Net Position - Ending	<u>\$ 14,244,826</u>

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT J

	Electrical Department
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 10,936,978
Cash Payments to Suppliers, Vendors, and Contractors	(9,033,266)
Cash Payments to Employees for Payroll	(1,286,009)
Net Cash Provided by Operating Activities	<u>617,703</u>
Cash Flows from Noncapital Financing Activities	
Operating Transfers	(299,342)
Net Cash Used by Noncapital Financing Activities	<u>(299,342)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Property and Equipment	(1,009,878)
Net Payments on Line of Credit	(60,000)
Net Cash Used by Capital and Related Financing Activities	<u>(1,069,878)</u>
Cash Flows from Investing Activities	
Payments Received from Loan Receivable	69,710
Acquisitions of Investments	(304,063)
Net Cash Used by Investing Activities	<u>(234,353)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(985,870)
Cash and Cash Equivalents - Beginning of Year	<u>2,555,612</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,569,742</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (338,636)
Adjustments to Reconcile Operating Income (Loss) to net cash provided (used) by operating activities:	
Depreciation	747,406
Gain on Disposal of Assets	(3,532)
Unrealized Loss on Investments	9,178
Prior Period Adjustment	(844,454)
Changes in Assets and Liabilities:	
Receivables, net	123,983
Expenses Paid in Advance and Other Assets	8,251
Payables and Accrued Liabilities	785,764
Increase in Deferred Outflows of Resources	(79,535)
Increase in Deferred Inflows of Resources	209,278
Net Cash Provided by Operating Activities	<u><u>\$ 617,703</u></u>

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF PLAN NET POSITION - PENSION TRUST FUND
JUNE 30, 2015**

EXHIBIT K

ASSETS

Cash	\$	309,095
Investments, at Fair Value		
Certificates of Deposit		355,134
Municipal Obligations		304,501
Mutual Funds Equities		1,287,229
U.S. Government Obligations		50,197

TOTAL ASSETS		<u>2,306,156</u>
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DEFERRED OUTFLOWS OF RESOURCES		<u>-</u>
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TOTAL LIABILITIES		<u>-</u>
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DEFERRED INFLOWS OF RESOURCES		<u>-</u>
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NET POSITION HELD IN TRUST - RESTRICTED FOR PENSION BENEFITS	\$	<u><u>2,306,156</u></u>
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**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT L

ADDITIONS

Contributions:	
Employer	\$ 98,679
Total Contributions	<u>98,679</u>
Investment Income	
Interest and Dividends	103,928
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(25,519)</u>
	78,409
Less: Trustee, Advisory and Administrative Fees	<u>(16,322)</u>
Net Investment Income	<u>62,087</u>

TOTAL ADDITIONS (DEDUCTIONS)	<u>160,766</u>
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DEDUCTIONS

Benefits	<u>127,497</u>
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TOTAL DEDUCTIONS	<u>127,497</u>
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CHANGE IN NET POSITION	33,269
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NET POSITION HELD IN TRUST - RESTRICTED FOR PENSION BENEFITS

BEGINNING OF YEAR	<u>2,272,887</u>
END OF YEAR	<u>\$ 2,306,156</u>

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement:

The Third Taxing District of the City of Norwalk, Connecticut (the District) was incorporated in the year 1913. The District maintains various properties in the District and provides library, recreation and electric services to its residents. The District's financial statements are not included in the City of Norwalk's financial statements because the City does not have oversight responsibility for the above services. Oversight responsibility was determined on the basis of financial interdependence, governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public services.

Government-wide and Fund Financial Statements:

The government-wide financial statements required by GASB pronouncements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its business-type activities. Governmental activities, which are supported by transfers from the business-type activities, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of any given function or segment, are offset by program revenues.

Separate fund financial statements are provided for the governmental funds (general fund and library special revenue fund), the proprietary fund (Electric Department), and pension trust funds. The pension trust fund is excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the pension trust fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The modified-accrual basis of accounting is used by the governmental fund types. Under the modified-accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The government reports the following funds:

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund

General Fund - The General Fund is the general operating fund of the District. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund. From this fund, general operating expenditures are paid.

Special Revenue Fund - This fund is used to account for the process of specific revenue sources (the District Library) that are legally restricted to expenditures for specific purposes.

Proprietary Funds

The District reports the following Enterprise Fund:

Electric Department - accounts for the operating activities of the District's electric utility services.

Additionally, the government reports the following fund type:

Pension Trust Fund - This fund reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions.

Budgetary Control:

Budgets and Budgetary Accounting – As set forth in the District Charter, the electors adopt an annual budget for the General Fund and Special Revenue Fund-Library. The annual budgets for the General Fund and Special Revenue Fund – Library, are prepared in accordance with the basis of accounting utilized by each fund. The Commissioners are authorized to transfer budgeted amounts within and among funds. All annual appropriations lapse at fiscal year-end.

Investments:

Investments are recorded at fair value based on quoted market prices.

Fund Changes and Transactions Between Funds:

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds. During the year ended June 30, 2015 District electors voted to authorize the transfer of \$299,342 as a transfer from the Proprietary Fund (Electrical Department) to the Governmental Funds.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Balance

In accordance with Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal vote of the District Electors and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the District Commissioners.
- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories.

The District's special revenue fund consists of the reporting of the District Library's operations. The Assigned Fund Balance amount of \$57,297 at June 30, 2015 represents the residual fund balance amount not reported as non-spendable, restricted or committed.

The District spends restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable and Provision for Bad Debts

The District utilizes the reserve method of accounting for its bad debts. The allowance for losses in the balance sheet is increased by charges to bad debt expense and decreased by charge-offs. Management's periodic evaluation of the adequacy of the allowance is based on the department's historical experience and known and related risks in the accounts receivable listing.

Significant receivables include amounts due from customers primarily for utility services.

	Governmental Funds	Proprietary Funds
Accounts Receivable	0	1,295,301
Less: Allowance for Uncollectible Accounts	0	50,000
Net Accounts Receivable	0	1,245,301

Plant in Service and Non-Utility Property (Governmental and Business-Type Activities):

Plant in Service and Non-Utility Property are recorded at cost. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of assets is recorded by removing cost and accumulated depreciation and charging the resulting gain or loss to income. Depreciation expense has been calculated using the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Structures and improvements	10-50
Substation equipment	25
Generators	4-10
Poles, towers and equipment	25
Overhead conductors	25
Underground conduit	33-40
Underground conductors	10-40
Line transformers	25
Meters	15
Street lights and signals	10-20
Office furniture and equipment	3-10
Transportation equipment	3-10
Stores equipment	20
Tools, shop and yard equipment	20
Laboratory equipment	20
Communications equipment	5-10
Miscellaneous equipment	4-10
Computer software	4

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Deferred Revenue:

Deferred revenue is recognized resulting from an arrangement the District has with CMEEC (See Note 13).

Pension Plan Accounting:

Employer contributions to the plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Compensated Absences:

Electric Department employees accumulate vacation and sick leave hours for subsequent use or for payment upon the end of the calendar year. Vacation and sick leave expenses to be paid after year-end are accrued for time that was not taken by June 30, in the proprietary fund financial statement. The balance of \$76,090 is classified as current at June 30, 2015.

Statement of Cash Flows - Electric Department

In accordance with GASB 34, Electric uses the direct method of presenting cash flows for purpose of the statement of cash flows and considers all highly liquid investments with an original maturity value of ninety days or less to be cash equivalents. Restricted cash held in segregated bank accounts representing customer security deposits is considered cash for cash flow purposes.

Supplementary Disclosure of Cash Flows:

	<u>Electric</u>
Interest Paid during year ended June 30, 2015	\$2,686

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

net position of the District Electric Department's Pension Plan and additions to/deductions from the District Electric Department Pension Plan fiduciary net position have been determined on the same basis as they are reported by the District Electric Department Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

GASB Pronouncements:

GASB Statement 20 requires that each government makes an election concerning proprietary funds. The Third Taxing District - City of Norwalk, Connecticut, has elected to apply GASB pronouncements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. After that date GASB pronouncements will solely be used.

NOTE 2 - CASH AND INVESTMENTS

Cash and cash equivalents are defined as cash and short-term, highly liquid investments that are both readily convertible to known amounts of cash and that are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less meet the definition of cash equivalents. Pursuant to state statute, the District may invest in cash funds with banks, obligations of the United States, and obligations of any state or political subdivision.

Cash Deposits

At June 30, 2015, the Third Taxing District, - City of Norwalk, Connecticut maintained cash deposits with financial institutions as follows:

	Bank Balances	Reconciled Balances
Governmental Activities (District General and Special Revenue Funds)	\$ 208,671	\$ 176,465
Business-Type Activities (Electric Department)	1,578,790	1,569,742
Pension Trust Fund	309,095	309,095

Custodial credit risk and concentrations of credit risk - Of the \$1,578,790 business-type activities bank balances, \$276,419 is uninsured and uncollateralized at June 30, 2015. \$1,052,370 or 67% of the June 30, 2015 bank balances for business-type activities are maintained at one financial institution, Patriot National Bank. The District does not address custodial credit risk or concentrations of credit risk in its deposits policy.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS - Continued

Investments:

At June 30, 2015, the District's reporting entity had the following investments:

Types of Investments	Fair Value/ Carrying Value	Cost	Average Credit Quality Ratings(1)	Segmented Time Distribution to Maturity
Business-Type Activities				
Equities/Mutual Funds	\$614,988	\$624,166	N/A	N/A
Total Business-Type Activities	<u>\$614,988</u>	<u>\$624,166</u>		
Pension Trust Fund				
Equities/Mutual Funds	\$1,287,229	\$1,020,828	N/A	N/A
Certificates of Deposit	355,135	351,580	N/A	N/A
U.S. Government Obligations	50,197	49,714	Aaa	1-4 years
Municipal Obligations	30,805	31,200	AAA	1-3 years
Municipal Obligations	41,985	42,615	AA	1-3 years
Municipal Obligations	10,675	10,729	AA	1-3 years
Municipal Obligations	47,758	46,912	AAA	1-3 years
Municipal Obligations	50,305	50,500	Aa3	1-3 years
Municipal Obligations	52,105	50,888	AA-	4 years
Municipal Obligations	44,601	44,731	AA-	4-6 years
Municipal Obligations	26,266	26,120	AA+	5-10 years
Total Pension Trust Fund	<u>\$1,997,061</u>	<u>\$1,726,017</u>		

(1) Ratings are provided where applicable to indicate associated credit risk.

N/A - Indicates not applicable.

Investment Policy - Primary Government

Investing is performed in accordance with investment policies complying with state statutes and the District's Charter. District funds may be invested in (1) direct obligations of the United States government; (2) certificates of deposit at savings and loan associations and federally insured banks; (3) savings accounts at savings and loan associations and banks; and (4) any bond, note or other indebtedness issued by state or political subdivisions.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy provides that to the extent practicable, investments are matched with anticipated cash flows. The District according to that policy has invested in U.S. Treasury notes and Government Agency Obligations with various maturities ranging from less than 1 year to 5 years, to maximize interest earned in conjunction with anticipated cash flows.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS - Continued

Investment Policy - Pension Trust Fund

The District's pension committee is responsible for the operation of the District's Pension Plan (the Plan), including overseeing investments made by the Plan Trustee. The primary investment objective of the Plan is the achievement of a high total return without undue risk of large losses. Total return is defined as income return plus capital appreciation.

Overall asset allocation is determined by the Trustee's expectation of inflation, interest rates and corporate profits. Historical and relative valuations will determine the strategic allocation among the major asset categories. Limits for the range of allocation to the asset categories valued by the asset's current fair market value, will be as follows:

- Equities - Not to exceed 60%
- Fixed Income - Not to exceed 75%
- Reserves - Not to exceed 30%

The above ranges are not to suggest sudden, dramatic shifts in the asset mix but instead represent flexible bands within which the asset mix may shift over investment cycles. The appropriate mix is reviewed quarterly with the Committee, who may make recommendations concerning investments in the portfolio.

Equity investments represent a diversified list of investments in the common stock of companies with market capitalizations of \$100 million and above. However, 20% of the equity portfolio may be invested in companies with market capitalizations of \$25 million or more. Valuation analysis will be employed to determine investment opportunity in conjunction with a fundamental appraisal of management strengths, past performance, demographic and secular trends. Economic sector allocations reflect the intent of the investment strategy and the weighting is monitored relative to similar sectors of the S&P 500. In no case shall the equity portion of the portfolio have (1) an investment of over 5%, at cost, of the Plan's assets in any one company; (2) an investment in securities with limited marketability or less than investment quality; or (3) include a transaction involving short sales, margin purchases, letter stock, private or direct placements, or any derivative instruments. Performance of this portion of the portfolio is measured against the performance of the S&P 500 index.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS - Continued

Investment Policy – Pension Trust Fund - Continued

Fixed Income represent a diversified list of high quality U.S. government, U.S. Agency and corporate obligations rated A or better. Intermediate range maturities (average 5 to 10 years) will represent the core portfolio. While the Committee realizes that shifts within the maturity range will occur in line with the Trustee's overall investment outlook, performance of the fixed income portion of the portfolio shall be measured against the performance of the Lehman Intermediate Bond Fund Index.

Reserves represent a diversified list of high quality U.S. government or A-1, P-1 instruments. Since reserves are also required for distributions, they will be used in concert with overall strategy and withdrawal needs.

The investment performance of the Plan's portfolio is reviewed by the District's Committee on a quarterly basis. A representative of the Trustee meets with the Pension Committee at least once a year to review past investment performance, the investment outlook and the strategy planned to achieve the portfolio objectives.

Custodial credit risk and concentration of credit risk - The \$1,997,061 carrying amount of the Pension Trust Fund investments at June 30, 2015 are defined as insured or registered or securities held by the entity or its agent in the entity's name.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy of diversifying funds among domestic common stock, U.S. Treasuries and corporate obligations, the latter two classifications with maturities ranging from less than 1 year through 10 years is in part designed to minimize interest rate risk to the extent practicable.

NOTE 3 - INVESTMENT IN CMEEC

Investment in Connecticut Municipal Electric Energy Cooperative (CMEEC), a related party, is valued at cost and represents the Electrical Department's pro rata equity interest in the Cooperative. The Electrical Department made this investment because of its desire for membership in the cooperative and benefits of such membership. The Electrical Department's purchases of power from CMEEC during 2015 was \$6,769,457 and is presented as electric power purchased in the accompanying Statement of Revenues and Expenses - Proprietary Fund.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 4 - LOAN RECEIVABLE

A loan receivable was initiated in February 2015 with Cervalis Inc. in connection with the construction of the Cervalis Data Center Facilities. This loan is being repaid in 240 monthly installments of \$8,929 including interest which is variable increasing 1% every 5 years from 3% to 6%.

Total Due at June 30, 2015	\$1,508,389
Less: Current Portion	62,757
Non-Current	<u>\$1,445,632</u>

NOTE 5 - PLANT IN SERVICE AND NON-UTILITY PROPERTY

Non-Utility Property

Non-utility property balances and activity for the year ended June 30, 2015 was as follows:

GOVERNMENTAL ACTIVITIES:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Non-Utility Property not Being Depreciated:				
Land	\$790,045	\$-0-	\$-0-	\$790,045
Total	\$790,045	\$-0-	\$-0-	\$790,045
Non-Utility Property Being Depreciated:				
Buildings & Improvements	\$211,941	\$-0-	\$-0-	\$211,941
Equipment	\$54,904	\$3,780	\$-0-	\$58,684
Total	\$266,845	\$3,780	\$-0-	\$270,625
Less: Accumulated Depreciation:				
Buildings	\$(87,046)	\$(8,808)	\$-0-	\$(95,854)
Equipment	\$(34,122)	\$(1,153)	\$-0-	\$(35,275)
Total	\$(121,168)	\$(9,961)	\$-0-	\$(131,129)
Total Non-Utility Property Being Depreciated – Net	\$145,677	\$(6,181)	\$-0-	\$139,496
Governmental Activities - Non-Utility Property – Net	\$935,722	\$(6,181)	\$-0-	\$929,541

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5 - PLANT IN SERVICE AND NON-UTILITY PROPERTY - Continued

Non-Utility Property - Continued

BUSINESS TYPE ACTIVITIES:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Non-Utility Property not Being Depreciated:				
Land	\$13,702	\$-0-	\$-0-	\$13,702
Business Type Activities - Non-Utility Property - Net	\$13,702	\$-0-	\$-0-	\$13,702

Depreciation Expense was charged to Governmental Functions as follows:

Community Service Projects	<u>\$9,961</u>
Total Depreciation Expense - Governmental Activities	<u>\$9,961</u>

Plant in Service

Plant in service balances and activity for the year ended June 30, 2015 was as follows:

GOVERNMENTAL ACTIVITIES:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Plant in Service not Being Depreciated	\$-0-	\$-0-	\$-0-	\$-0-
Plant in Service Being Depreciated	\$-0-	\$-0-	\$-0-	\$-0-

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5 – PLANT IN SERVICE AND NON-UTILITY PROPERTY – Continued

Plant in Service - Continued

BUSINESS TYPE ACTIVITIES:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Plant in Service not Being Depreciated:				
Franchise and Consents	<u>\$34,300</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$34,300</u>
Total	<u>\$34,300</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$34,300</u>
Plant in Service Being Depreciated:				
Generators	<u>\$2,877,624</u>	<u>\$9,196</u>	<u>\$-0-</u>	<u>\$2,886,820</u>
Transmission Plant	<u>3,473,299</u>	<u>14,750</u>	<u>-0-</u>	<u>3,488,049</u>
Distribution Plant	<u>10,732,420</u>	<u>929,289</u>	<u>(598,925)</u>	<u>11,062,784</u>
General Plant	<u>1,284,570</u>	<u>140,178</u>	<u>(183,757)</u>	<u>1,240,991</u>
Total	<u>\$18,367,913</u>	<u>\$1,093,413</u>	<u>\$(782,682)</u>	<u>\$18,678,644</u>
Less: Accumulated Depreciation				
Generators	<u>\$(2,225,524)</u>	<u>\$(164,339)</u>	<u>\$-0-</u>	<u>\$(2,389,863)</u>
Transmission Plant	<u>(303,065)</u>	<u>(68,957)</u>	<u>-0-</u>	<u>(372,022)</u>
Distribution Plant	<u>(3,317,192)</u>	<u>(423,273)</u>	<u>(589,622)</u>	<u>(3,150,843)</u>
General Plant	<u>(939,978)</u>	<u>(90,837)</u>	<u>(175,860)</u>	<u>(854,955)</u>
Total	<u>\$(6,785,759)</u>	<u>\$(747,406)</u>	<u>\$(765,482)</u>	<u>\$(6,767,683)</u>
Total Plant in Service Being Depreciated - Net	<u>\$11,582,154</u>	<u>\$346,007</u>	<u>\$(17,200)</u>	<u>\$11,910,961</u>
Business Type Activities - Plant in Service - Net	<u>\$11,616,454</u>	<u>\$346,007</u>	<u>\$(17,200)</u>	<u>\$11,945,261</u>
Construction Work-in-Progress	<u>\$73,997</u>	<u>\$795,151</u>	<u>\$(567,792)</u>	<u>\$301,356</u>

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 6 - SELF INSURANCE

The District provides a self-insurance plan which pays the deductible portion and any co-insurance requirements of the group health plan. Also, dental, eye care, and hearing aid coverage is available, subject to annual limitations as follows: \$500 per year per participant for hearing aid coverage; \$500 per year per participant for eye care; and \$1,000 per participant for dental. A summary of the activity during 2015 follows:

Balance, Beginning	\$ 0
Current year claims and changes in estimates	56,742
Claim payments	56,742
Balance, Ending	\$ 0

There have been no significant reductions in insurance coverages during the fiscal year 2015. Settled claims have not exceeded commercial excess coverages in any of the past three years.

NOTE 7 - CUSTOMER DEPOSITS AND ADVANCES

Some customers are required by the Electrical Department to post deposits against their future liability. These deposits are held in an interest bearing account until such time as they are either returned to the customer or used to satisfy said customer's outstanding electric bill. As of June 30, 2015, the District has \$497,766 available for the customer security deposit liability of \$465,168.

NOTE 8 - LINE OF CREDIT

The District has a \$500,000 line of credit with a local bank which permits the Company to borrow up to \$500,000 at the Wall Street Journal's prime rate which was 3.25% at June 30, 2015. It is secured by all of the District's assets and expires on July 1, 2016. At June 30, 2015 the amount outstanding on the line of credit was \$45,988.

NOTE 9 - SUMMARY OF CHANGES IN LONG-TERM DEBT

Description and Purpose	Balance 7/1/14	Issued	Retired	Balance 6/30/15	Due Within 1 Year
Governmental Activities:	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Business-Type Activities:					
Deferred Revenue	\$2,210,243	\$1,171,845	\$-0-	\$3,382,088	\$-0-
Net OPEB Obligation	306,635	87,517	-0-	394,152	-0-
Net Pension Obligation	38,417	763,184	-0-	801,601	-0-
Totals	\$2,555,295	\$2,022,546	\$-0-	\$4,577,841	\$-0-

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 10 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was required to adjust the beginning balance of the business-type activity's net position for the effects of GASB Statement 68.

NOTE 11 - PENSION PLAN

General Information About the Pension Plan:

Method used to value investments. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan description. The District's Pension Committee administers the District's Pension Plan – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to plan members and beneficiaries.

Management of the District's plan is vested in the District's Pension Committee, which consists of three members who are the District's General Manager, Assistant General Manager and Senior Customer Account Analyst. The Pension Committee has the authority to amend the District's pension plan.

Employees covered by benefit terms. At July 1, 2014, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	8
	<u>17</u>

Benefits provided. The normal retirement date for participants is at or after the attainment of age 65 with 10 years of plan participation. Each vested participant is entitled to a retirement benefit, and such benefit is equal to 2.5% of the average monthly compensation during the 36 consecutive months immediately prior to retirement multiplied by the number of years of credited service. A participant may retire early on the first day of any month on or after the age of 55, with 10 years of plan participation. Benefits are reduced by .5% for each complete month by which commencement of benefit payments precedes the participant's normal retirement date. Benefits fully vest on participants on or after 40 years of service and are reduced by .5% for each complete month by which commencement of benefit payments precedes the participant's normal retirement date.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

Disability benefits are available for participants with 10 years of service. If the participant is at least 55 on the date as of which he or she is entitled to a disability retirement benefit, the benefit is determined as for normal retirement (no early retirement factor is applied) but based on credited service and compensation prior to actual disability retirement. If the participant is less than 55 on the date as of which he or she is entitled to a disability benefit, the benefit is determined as in the immediately preceding sentence but is actuarially reduced for each month that the benefit starting date precedes his or her 55th birthday.

Pre-retirement death benefits are available for participants who are actively employed and for terminated employees with 10 years of service. The benefit is calculated as if the participant terminated, lived to the earliest date they could have retired, elected the 50% Joint and Survivor Annuity option, then died. The 50% continuation benefit is payable to the spouse (if any).

Contributions. The annual required contribution for the current year was determined as part of the July 2012, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.0% per year plus a service-based scale based on years of service. The assumptions did not include postretirement benefit increases, which are not provided by the Plan. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 20 years. For the year ended June 30, 2015, the average active member contribution rate was 0 percent of annual pay, and the District's average contribution rate was 13.88 percent of covered payroll.

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the District's Pension Committee by a majority vote of its members. It is the policy of the District's Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The District's investments policy is provided in more detail in Note 2 to the District's financial statements. The following was the District's adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation
Cash and Cash Equivalents	29.00%
Governmental Debt	15.00%
US Large Cap Equity	27.00%
US Small/Mid Cap Equity	15.00%
International Equity	12.00%
Emerging Markets Equity	2.00%
Total	<u>100.00%</u>

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

Concentrations. The following investments represent more than 5% of the total Net Position Held in Trust for Pension Benefits:

Type of Investment	Description	Fair Market Value at June 30, 2015
Mutual Funds Equities	T. Rowe Price Inst Large Cap Growth Fund	\$152,200
Mutual Funds Equities	Cambiar International Equity Fund	141,769
Mutual Funds Equities	Dodge & Cox Stock Fund	127,511
Mutual Funds Equities	American Europacific Growth Fund F 2	141,458
Mutual Funds Equities	Vanguard Dividend Appreciation Index	124,863
Mutual Funds Equities	Victory Munder Midcap Core Growth Fund	102,761
Mutual Funds Equities	Nuveen Winslow Large Cap Growth Fund 1	153,321

Rate of Return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.6015%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions.

	Year Ending June 30, 2015	Year Ending June 30, 2014
Investment rate of return (net of investment-related and administrative expenses)	7.00%	7.00%
Rate of compensation increase (including inflation)	3.00% plus service based scale	3.00% plus service based scale

Service-based component of compensation increases (For determination of benefits)

Service	Compensation Increase
0-4	1.50%
5-9	1.00%
10-14	0.50%
15+	0.00%

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

The plan does not have statistically credible data on which to provide a precise basis for this assumption. The assumption is based on input from the plan sponsor regarding future expectations and set to be consistent with our long-term inflation assumption and merit pay increase for employee groups with similar demographics.

Inflation – 3%. This assumption is based on long term (1926-2013) historical inflation numbers. While near term averages have been lower, the actuary does not believe this trend will continue indefinitely and expects that there will be a reversion to the long term average.

Mortality. Pre-retirement: RP-2000 Employees Table – male and female rates, set forward one year, projected by Scale MP-2014 to valuation date with no adjustment.

Post-retirement: RP-2000 Healthy Annuitants Table – male and female rates, set forward one year, projected by Scale MP-2014 to valuation date with no adjustment.

Prior Valuation: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date using Scale AA.

Mortality Improvement. Projected to date of decrement using Scale MP (generational mortality).

Retirement

Age	Rate
<62	0%
62-64	10%
65-69	20%
70-74	15%
75	100%

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

Termination – Sample Termination Rates

Age	Years of Service			
	0	1	2	>=3
<=19	0.00%	0.00%	0.00%	0.00%
20	14.90	12.50	10.50	9.30
25	13.90	11.25	9.25	6.80
30	12.90	10.00	8.00	5.05
35	11.90	8.90	6.90	3.95
40	10.90	7.90	5.90	3.25
45	9.90	7.05	5.05	2.75
50	8.90	6.30	4.30	2.75
>=55	8.00	5.00	3.50	1.75

The actuarial assumptions in regards to rates of decrement shown above (mortality, retirement & turnover) are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor and data from larger plans with similar demographics. The plan does not have sufficiently credible data on which to perform an experience study.

Expense. None assumed paid from the trust.

Percent of active employees married. 80%.

Spouse's Age. Husbands are assumed to be 3 years older than wives.

Disability costs. None.

Changes in assumptions as of July 1, 2014. The mortality table, retirement rates and termination rate assumptions all changed with this valuation. See respective sections for more detail.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

Target Allocation and Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Cash & Cash Equivalents	29.00%	0.50%	0.15%
Government Debt	15.00%	1.75%	0.26%
U.S. Large Cap Equity	27.00%	4.75%	1.28%
U.S. Small/Mid Cap Equity	15.00%	5.50%	0.83%
International Equity	12.00%	5.25%	0.63%
Emerging Markets Equity	2.00%	6.00%	0.12%
	100.00%		3.27%
Long-Term Inflation Expectation			3.00%
Long-Term Expected Nominal Return			6.27%

**Long-Term Returns are provided by HHIA. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation. The target allocation percentages displayed above are based on the actual asset allocation as of June 30, 2015 rounded to the nearest percent.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 6.50% and 7.00%. An expected rate of return of 7.00% was used.

Discount Rate

The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where (a) contributions amounts are established by statute or contract or (b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover expected benefit payments and administrative expenses.

Plans that are expected to have sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. GASB permits alternative methods to evaluate the sufficiency of the plan's net fiduciary position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, the actuary used the 7.00% interest rate assumption to discount plan liabilities.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2014	<u>\$3,158,932</u>	<u>\$2,276,061</u>	<u>\$882,871</u>
Changes for the year:			
Service Cost	103,474		103,474
Interest	223,981		223,981
Differences between expected and actual experience	(227,606)		(227,606)
Changes of assumptions	(23,527)		(23,527)
Contributions-employer		98,679	(98,679)
Contributions-member			
Net investment income		58,913	(58,913)
Benefit payments, including refunds of member contributions	(127,497)	(127,497)	
Administrative expense			
Other			
Net Changes	<u>(51,175)</u>	<u>30,095</u>	<u>(81,270)</u>
Balances at June 30, 2015	<u>\$3,107,757</u>	<u>\$2,306,156</u>	<u>\$801,601</u>

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 - PENSION PLAN - Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the District, calculated using the discount rate of 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability as of June 30, 2015	\$1,200,367	\$801,601	\$465,867

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2015, the recognized pension expense is \$147,152. As of June 30, 2015, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$(189,672)
Changes of assumptions		(19,606)
Net difference between projected and actual earnings on pension plan investments	<u>\$79,535</u>	
Total	<u>\$79,535</u>	<u>\$(209,278)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended June 30:	
2016	\$(21,971)
2017	(21,971)
2018	(21,971)
2019	(21,972)
2020	(41,858)
Thereafter	-

Payable to the Pension Plan – At June 30, 2015, the District reported a payable of \$801,601 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 12 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Note 11, the District provides post-retirement health care benefits for substantially all of its electrical department full-time employees upon reaching retirement or early retirement age (as defined in the Pension Plan document). They are entitled to employer paid health benefits throughout retirement until death, at a benefit level equivalent to that which was in effect at the employee's time of retirement. When the retiree becomes eligible for Medicare the employer's obligation shall be limited to providing coverage for the difference between Medicare benefits and the benefits in effect at the employee's date of retirement. The employer's obligation to furnish retiree health benefits shall cease upon death of the retired employee.

The District currently funds post employment retirement benefits on a pay as you go basis. As of June 30, 2015, a trust fund has not been implemented to irrevocably separate assets to fund the liability associated with post employment benefits which will require the reporting of a trust fund in accordance with GASB Guidelines.

The following is the current census of the District's benefit participants as of July 1, 2012:

Active Participants	9
Retirees	9
Total	18

Post employment retiree benefit payments for the year ended June 30, 2015 net of retiree and other contributions, amounted to \$73,957.

Annual OPEB Cost and Net OPEB Obligations

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's OPEB obligation (asset):

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 12 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

- Continued

	Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$165,691
Interest on net OPEB obligation	13,799
Adjustment to annual required contribution	(18,016)
Annual OPEB Cost	161,474
Contributions made	73,957
Increase in net OPEB obligation	87,517
Net OPEB obligation - Beginning of Year	306,635
Net OPEB obligation - End of Year	<u>\$394,152</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2011 to 2015 are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2011	\$129,143	\$89,988	70%	\$ 86,606
6/30/2012	\$130,672	\$67,208	51%	\$150,070
6/30/2013	\$157,896	\$85,196	54%	\$222,770
6/30/2014	\$159,698	\$75,833	47%	\$306,635
6/30/2015	\$161,474	\$73,957	46%	\$394,152

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

An annual medical cost trend rate of 9% is used for 2015, decreasing 0.5% per year to an ultimate rate of 5% for 2021 and later. The remaining amortization period at July 1, 2012 was

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 12 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

- Continued

30 years. As of July 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,626,120, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (AAL) of \$1,626,120.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Data is presented for the July 1, 2009 and July 1, 2012 certified valuations.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UFAAL as a % of Covered Payroll
7/1/2009	\$ -0-	\$1,396,239	\$1,396,239	0%	\$806,588	173%
7/1/2012	\$ -0-	\$1,626,120	\$1,626,120	0%	\$835,769	195%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Actual Contribution	Percentage Contributed
2011	\$129,796	\$ 89,988	69%
2012	\$131,863	\$ 67,208	51%
2013	\$159,960	\$ 85,196	53%
2014	\$162,762	\$ 75,833	47%
2015	\$165,691	\$ 73,957	45%

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 13 - COMMITMENT AND CONTINGENCIES

Operating Leases

The District is obligated under non-cancelable operating leases for certain office and transportation equipment. These lease commitments exist through June 30, 2018. Future minimum rental payments required under the non-cancelable operating leases are as follows:

2016	\$ 47,605
2017	47,605
2018	11,813
	<u>\$ 107,023</u>

Rent expense included in operations relating to the non-cancelable operating leases amounted to \$54,839 for the year ended June 30, 2015.

CMEEC:

The Electric Department entered into a "Power Sales Contract for the Supply of Electric Power and Energy" (Power Contract) with the Connecticut Municipal Electric Energy Cooperative (CMEEC) its present energy supplier. Pursuant to this contract the Electric Department has covenanted to maintain electric rates that, together with other sources of revenue, will provide sufficient revenues to meet its payment obligation to CMEEC under the Power Contract.

Payments to CMEEC under the Power Contract may not be subordinated to any other obligation of the Electric Department.

The Power Contract was amended and restated as of January 1, 2000 resulting in rate stabilization monies, which were collected from the Electric Department and other CMEEC members in conjunction with the purchase of energy, to be apportioned to the individual purchasers of energy including the Electric Department. These funds are the Rate Stabilization Fund, the Economic Development Fund, and the Energy Efficiency and Environmental Stewardship Fund. CMEEC's bonded debt that was incurred to provide power supply for its members was also apportioned among its members.

Rate Stabilization Fund:

The Electric Department has rate stabilization funds held by CMEEC. Electric's balances of rate stabilization funds held by CMEEC was \$741 held in a trust account and \$3,381,347 held in a non-trust account at June 30, 2015.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 13 - COMMITMENT AND CONTINGENCIES - Continued

Conservation and Load Management Fund

For the year ended June 30, 2005, a Conservation and Load Management Fund was created. The fund may be utilized by the District for investment in renewable energy sources and for conservation and load management programs so as to result in cost reductions for the District and its consumers. As the fund is unrestricted, the District has included the \$97,042 balance on their balance sheet at June 30, 2015.

Economic Development Fund:

The Electric Department also has on deposit at CMEEC an Economic Development Fund. Pursuant to Resolution 92-6 adopted by the CMEEC Board of Directors on January 23, 1992 this fund is for the stated purpose of assisting Member System activities which promote economic development and which help maintain the competitive standing of the Members' electric utility systems. The Electric Department expended \$0 of Economic Development Funds for the year ended June 30, 2015. The unrestricted balance available to the District at June 30, 2015 was \$147,882.

The monies in the rate stabilization fund as of June 30, 2015 totaling \$3,382,088 have been recorded as a restricted asset and, a deferred revenue in the accompanying proprietary fund balance sheet. The monies in the economic development fund and the conservation and load management fund have been recorded as unrestricted cash in the accompanying proprietary fund balance sheet.

As a member of CMEEC, the Electric Department is responsible for their pro-rata share of CMEEC's shares of certain costs that may exceed reserves and/or insurance coverages. These costs and the impact on operations are unknown. The electrical department also has guaranteed a portion of CMEEC's bonded debt. The amount of debt guaranteed by the District as of June 30, 2015 was \$4,612,990. Electric's net obligation (bonded debt less Electric's share of the rate stabilization fund) is \$1,230,902 at June 30, 2015.

Norden Park Generation:

The Third Taxing District's agreement with ISO New England, to provide capacity from the District's three 2 MW diesel generators located at Norden Park, expired on May 30, 2008. In order to obtain continuing income from these generators the District's Commission authorized installation of required state of the art pollution control equipment on the generators at a cost of \$900,000. The equipment was installed and the generators were bid into the ISO Locational Forward Reserve Market (LFRM) on June 1, 2008 with expected revenue of \$84,000 per month. Almost immediately a dispute arose with Connecticut Light & Power (CL&P), who is the

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 13 - COMMITMENT AND CONTINGENCIES - Continued

reporting party to ISO, over the amount of capacity being delivered to ISO. As a result, anticipated revenues were not realized and penalties were assessed by the ISO. The generators were removed from the market on September 1, 2008 and following an agreement with Connecticut Light & Power on February 18, 2009 were returned to the market on March 1, 2009. The February 18th Third Amendment to the Interconnection Agreement provides for the generators to operate until May 31, 2014. Before that time the Third Taxing District must petition the DPUC and receive approval to operate in the existing mode or must reconnect the generators at a capital cost of \$1.2 million. As a condition of the agreement the Third Taxing District must pay up to \$280,000 for switchgear needed by CL&P and must secure an easement and construct certain facilities needed by CL&P. The District has paid said amount and obtained the necessary easement. This Third Amendment was revised and restated on September 1, 2010 and provides among other things that: 1) the generators may operate until one year after the final decision by the DPUC on the method of interconnecting the generators; and 2) provided a favorable ruling is issued by the DPUC the District will pay CL&P up to an additional \$96,000. On June 1, 2010, the LFRM market revenue dropped to \$54,000 per month and on October 1, 2010, the revenue decreased to \$9,120 per month.

The DPUC approval was ordered on January 6, 2014 giving the generators the authority to operate for the duration of the interconnection agreement. On June 1, 2014 the revenue from ISO dropped to \$6,000 per month.

For the twelve month period ending June 30, 2015, revenues related to the operation of the Norden units was \$614,041.

The short-term outlook (6-12 months) for the LFRM market in New England is expected to be fairly robust, depending on weather conditions and load growth. In response, the District has taken a more aggressive approach to maintaining and testing each of the Norden Generators and has begun to increase their operating efficiency in conjunction with CMEEC's Portfolio Management staff. The District's management is also actively pursuing an extension of the Norden Lease, which expires on December 31, 2015.

Unused Commercial Promissory Note

During the year ended June 30, 2014, the District entered into a loan agreement with a local bank to borrow up to \$3,000,000 to complete the purchases and related costs of construction projects. The amount borrowed would convert to a term loan within 18 months with interest at the rate of 3.75% to be secured by the assets of the District. The loan balance was \$-0- at June 30, 2015.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2009	\$ -	\$1,396,239	\$ 1,396,239	0%	\$ 806,588	173%
July 1, 2012	-	1,626,120	1,626,120	0%	835,769	195%

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 2 FISCAL YEARS**

	2015	2014
Total Pension Liability		
Service Cost	\$ 103,474	\$ 100,460
Interest	223,981	209,673
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(227,606)	-
Changes of Assumptions	(23,527)	-
Benefit Payments Including Refunds of Member Contributions	(127,497)	(90,620)
Net Change in Total Pension Liability	(51,175)	219,513
Total Pension Liability - Beginning	3,158,932	2,939,419
Total Pension Liability - Ending: (a)	\$ 3,107,757	\$ 3,158,932
Plan Fiduciary Net Position		
Contributions - Employer	\$ 98,679	\$ 98,679
Contributions - Member	-	-
Net Investment Income	58,913	248,106
Benefit Payments Including Refunds of Member Contributions	(127,497)	(90,620)
Administrative Expenses	-	-
Other	-	-
Net Change in Plan Fiduciary Net Position	30,095	256,165
Plan Fiduciary Net Position - Beginning	2,276,061	2,019,896
Plan Fiduciary Net Position - Ending: (b)	\$ 2,306,156	\$ 2,276,061
Net Pension Liability - Ending: (a)-(b)	\$ 801,601	\$ 882,871
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.21%	72.05%
Covered-Employee Payroll	\$ 711,069	\$ 724,371
Net Pension Liability as a Percentage of Covered-Employee Payroll	112.73%	121.88%

Until a 10-year trend is compiled, this schedule will present information for those years for which information is available.

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION TRUST FUND
LAST 2 FISCAL YEARS**

	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 148,809	\$ 145,690
Contributions in Relation to the Actuarially Determined Contribution	98,679	98,679
Contribution Deficiency (Excess)	\$ 50,130	\$ 47,011
Covered-Employee Payroll	\$ 711,069	\$ 724,371
Contributions as a Percentage of Covered-Employee Payroll	13.88%	13.62%

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	Fair Value
Salary Increases	3.0% plus a service based scale ranging from 0-1.5% based on years of service
Investment Rate of Return	7.0%, net of pension plan investment expenses
Retirement Age	Age 65 and 10 years of plan participation
Mortality	Pre-retirement: RP-2000 Employees Table - male and female rates, set forward one year, projected by Scale MP-2014 to valuation date with no adjustment. Post-retirement: RP-2000 Healthy Annuitants Table-male and female rates, set forward one year, projected by Scale MP-2014 to valuation date with no adjustment. Prior Valuation: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined tables for non-annuitants, projected to the valuation date using Scale AA.

Until a 10-year trend is compiled, this schedule will present information for those years for which information is available.

THIRD TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

**SUPPLEMENTARY COMBINING AND INDIVIDUAL
FUND SCHEDULES**

THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF UTILITY PLANT
JUNE 30, 2015

	Utility Plant			Accumulated Depreciation			Net Book Value June 30, 2015
	Balance July 1, 2014	Additions	Retirements	Balance July 1, 2014	Additions	Retirements	
Intangible Assets							
Franchise and Consents	\$ 34,300	-	-	\$ -	-	-	\$ 34,300
Generation							
Generators	2,877,624	9,196	-	2,225,524	164,339	-	496,957
Transmission Plant							
Land and Land Rights	1,472,645	14,750	-	-	-	-	1,487,395
Structures & Improvements	83,509	-	-	69,935	809	-	12,765
Underground Conduit	69,021	-	-	63,968	196	-	4,857
Underground Conductors	245,307	-	-	137,106	3,840	-	104,361
Cervasis Data Center Facilities	1,602,817	-	-	32,056	64,112	-	1,506,649
Distribution Plant							
Structures and Improvements	364,971	-	-	252,814	7,842	-	104,315
Substation Equipment	6,878,709	622,185	(464,305)	924,792	281,404	(464,305)	6,294,698
Generator	18,370	-	-	13,838	906	-	3,626
Poles, Towers & Equipment	605,111	14,404	(16,723)	324,553	24,111	(16,474)	270,602
Overhead Conductors	565,101	2,523	(14,060)	356,885	15,269	(14,060)	195,470
Underground Conduit	250,801	63,230	(13,672)	195,175	8,286	(13,672)	110,570
Underground Conductors	351,390	6,673	(11,677)	134,509	8,658	(9,341)	212,560
Line Transformers	537,487	37,467	(38,926)	309,795	18,579	(38,926)	246,580
Meters	687,446	58,070	(27,910)	373,341	39,532	(23,444)	328,177
Street Lights & Signals	129,243	124,737	(11,652)	87,699	18,686	(9,400)	145,343
Computer Software	343,791	-	-	343,791	-	-	-
General Plant							
Structures & Improvements	358,573	52,002	(14,067)	173,722	17,142	(6,170)	211,814
Office Furniture & Equipment	136,417	35,898	(15,654)	103,080	21,993	(15,654)	47,242
Transportation Equipment	584,671	36,942	(137,785)	523,122	39,695	(137,785)	58,796
Stores Equipment	1,504	-	-	1,277	75	-	152
Tools, Shop & Yard Equipment	79,893	10,224	(5,061)	46,145	4,253	(5,061)	39,719
Laboratory Equipment	11,722	-	(2,628)	11,675	50	(2,628)	(3)
Communications Equipment	25,759	495	(2,598)	23,100	986	(2,598)	2,168
Miscellaneous Equipment	86,031	4,617	(5,964)	57,857	6,643	(5,964)	26,148
TOTAL UTILITY PLANT	\$ 18,402,213	\$ 1,093,413	\$ (782,682)	\$ 6,785,759	\$ 747,406	\$ (765,482)	\$ 11,945,261

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF VARIOUS OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	Electrical Department
Distribution	
Substation Payroll	\$ 188,914
Overhead Lines	12,647
Street Lights and Signal Systems	1,600
Meters	4,224
ISO Load Shed Program	-
Miscellaneous	34,334
Total Distribution	\$ 241,719
Maintenance	
Station Equipment	\$ 52,125
Overhead Lines	67,320
Line Transformers	800
Street Lights and Signal Systems	-
Underground Lines	-
Meters	3,662
Allocated Payroll	357,005
Miscellaneous	35,757
Total Maintenance	\$ 516,669
Customer Service	
Meter Reading	\$ 79,513
Customer Records and Collections	168,658
Total Customer Service	\$ 248,171
Administration	
Administrative Salaries	\$ 451,755
General Expense	97,733
Property and Casualty Insurance	117,691
Workmen's Compensation Insurance	49,793
Disability Insurance	9,572
Office Expense	71,566
Outside Services	337,583
Pension and Employee Benefits	718,583
Promotions	37,350
Company Trucks and Auto	78,595
Regulatory Expense	14,105
Total Administration	\$ 1,984,326

**THIRD TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF VARIOUS ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	Electrical Department
Outside Services	
Computer System Analyst and Programming	\$ 47,590
Legal Fees (General)	89,840
Financial Audit Fees	20,548
Accounting Services	44,338
Pension Plan Actuarial and Legal Fees	9,250
Labor Law Attorneys	1,125
Repairs and Maintenance	75,735
Miscellaneous	1,465
Engineering	47,692
Personnel Recruitment Charges	-
Total Outside Services	\$ 337,583
Pension and Employee Benefits	
Employee Health and Disability Programs	\$ 480,825
Pension Expense	147,152
Payroll Taxes	90,606
Total Pension and Employee Benefits	\$ 718,583
General Expenses	
Travel and Lodging	\$ 3,576
Seminars and Training	16,627
Contractual Payments to Retired Manager	12,600
Miscellaneous	64,930
Total General Expenses	\$ 97,733